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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 13, 2015

Certified Return Receipt
7013 3020 0002 3659 5149

Sylvia Carroll
Construction Services Department
Travelers Casualty and Insurance Company of America
1100 East 6600 South, Suite 500
Salt Lake City, Utah 84121

Subject: Reduction in Amount of Surety Required, Nephi Sandstone Corporation, Cedar Springs Mine, M/023/0059, Juab County Utah

Dear Ms. Carroll:

As you were previously notified, the Utah Division of Oil, Gas and Mining (Division) received your letter dated July 25, 2014, regarding cancellation of surety bond ~~103920000~~ in the amount of \$30,000.00 effective October 12, 2014. The mine operator, Nephi Sandstone Corporation, has now completed reclamation grading and seeding requirements to the Division's satisfaction; however, administrative rule R647-4-111.13 contains the following requirement:

Revegetation shall be considered accomplished when:

13.11. The revegetation has achieved 70 percent of the premining vegetative ground cover. If the premining vegetative ground cover is unknown, the ground cover of an adjacent undisturbed area that is representative of the premining ground cover will be used as a standard. Also, the vegetation has survived three growing seasons following the last seeding, fertilization or irrigation.

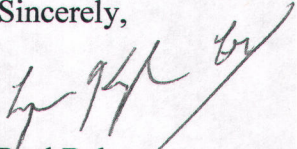
Because of the requirement for vegetation to survive three growing seasons, the Division cannot fully release liability for the site at this time. The maximum remaining financial responsibility is estimated to be \$3000.00, and the Division will continue to hold Travelers Casualty and Insurance Company of America liable for this amount until revegetation is considered successful. Based on site conditions and the work that was completed, the Division anticipates the revegetation work will be accomplished within three growing seasons.



Sylvia Carroll
Travelers Casualty and Insurance Company of America
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Thank you for your cooperation. Please feel free to call me at 801-538-5261 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Baker", with a long horizontal line extending to the right.

Paul Baker
Minerals Program Manager

PBB:pb

Cc: Bruce Evans and Craig Dansie, Nephi Sandstone

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